



## Testimony of Merrill Gay on HB 7027

Senator Osten, Senator Formica, Representative Walker, Representative Ziobron and members of the Committee, my name is Merrill Gay and I am the Executive Director of the Connecticut Early Childhood Alliance. We are a statewide membership organization committed to improving outcomes in the areas of learning, health, safety and economic security, for children ages birth to eight.

Thank you for this opportunity to testify against the Governor's budget for the Office of Early Childhood. Let me start by saying that OEC's budget is only about 1.6% of the state budget. The Governor's budget proposal moves the Birth to 3 program out of OEC and over to DSS, leaves the Care4Kids child care subsidy program closed and then cuts a number of small but important line items.

First I would like to address **Birth to 3**. The budget document provides no rationale, nor have the DSS administrators who testified given any reasons to explain the move. We are left to speculate that this is to make it easier to transfer funds to cover mid year deficiencies at Birth to 3. The Early Childhood Alliance worked for years to bring the various functions of state government that serve young children out of their silos and into one agency so that they could be coordinated into a comprehensive system. It seems counter productive, so soon after the Office was created, to start tearing it apart. The real problem with Birth to 3 is not where it lives, but that we have routinely underfunded it. Birth to 3 early intervention services are a great investment. They help children overcome developmental delays and save school districts millions of dollars in special ed costs each year. We should be working to break down the barriers that keep families from accessing Birth to 3. Prime among these are parent co-pays. We urge you not to dismember the Office of Early Childhood by moving Birth to 3, but instead to provide the funding that Birth to 3 needs at the Office of Early Childhood.

Next, I would like to address the continued closure of the **Care4Kids** childcare subsidy. Care4Kids is a portable subsidy that enables low income parents to purchase child care services so that they can go to work. Changes to federal law

have resulted in higher costs for the program. Last May, after the budget was passed, OEC announced that the program would cost an estimated \$33 million in excess of the \$122 million appropriated for FY16. To address that deficiency Care4Kids closed to new applications from most low income working families back in August. That didn't save enough money so as of the end of December the program has now been closed to all but families transitioning off of TANF.

As of the end of January there were over 2,500 families on the waiting list and Acting Commission Goodman estimated that there would be 6,800 families on the waiting list by the end of this fiscal year. The unavailability of Care4Kids is keeping parents from reentering the workforce and forcing more children into poverty. Unless Care4Kids is reopened it will also start to result in the closure of child care programs which will impact children whose parents have been paying full tuition.

Here is an example of how this would happen. Take a hypothetical child care center licensed for 100 children. 60 of the children are not subsidized so their parents pay the full tuition. 40 children are on Care4Kids. Their parents pay on a sliding scale based on their income. Care4Kids pays the difference between the parent fee and Care4Kids allowable rate. In the Hartford area, that allowable rate is \$201 per week so in the case of parent paying \$65 a week on the sliding scale, Care4Kids pays the difference of \$136. It should be noted that in many places the Care4Kids allowable rate is below market and parents may be paying the difference on top of their sliding scale fee.

In September, the oldest group of children go off to Kindergarten. Among them, are 30 full tuition children and 20 Care4Kids children. The Center is not in a rich community and because Care4Kids is closed to most new applicants the center struggles to fill all of its vacancies with families who can pay the full tuition. Some families enroll their children but can't keep up with tuition payments. The center is running with 8 to 12 vacancies. Some months it's barely breaking even and a few months it runs in the red. After a year of this struggle, September rolls around again and now the center loses the last of their Care4Kids children to kindergarten. Unable to fill all its vacancies it closes a classroom and lays off staff. Fixed costs take up a larger share its budget. The center continues to struggle to fill its remaining classrooms and after running in the red for five straight months it closes leaving the remaining 65 full tuition children without childcare.

A similar problem exists for preschools that are part of the School Readiness program. School Readiness was always predicated on three revenue streams:

- The first being the School Readiness grant which pays the child care center monthly for each slot that is filled.
- The second is a parent fee based on a sliding scale, and
- The third, for those families able to afford only the minimal parent fee, is the Care4Kids subsidy.

Last September when a crop of children left for kindergarten, centers lost half of their Care4Kids revenue. The incoming group of 3 year olds could not get Care4Kids because the program was closed to new applicants in August. The children are still getting preschool with parents just paying the sliding scale fee which could be as little as \$8 a week. The preschool however still has to meet the School Readiness standards of NAEYC accreditation and the staffing requirements that 50% of teachers have a BA's by July 1st. THERE ARE ALREADY SCHOOL READINESS PROGRAMS RUNNING IN THE RED and things will get worse next September when they lose the rest of their children with Care4Kids to kindergarten. At minimum, the continued closure of Care4Kids erodes the quality of School Readiness programs, and at worst school readiness programs will fail.

It should be noted that there are 30 relatively large School Readiness and Child Development Center programs that have new facilities financed with tax exempt bonds through the Connecticut Health and Education Facilities Authority (CHEFA). When these programs go into the red and can no longer pay their bills, the state will be liable to pay the bondholders.

The Governor's budget proposal would save \$7.4 million in FY 18 and \$12.6 million in FY19 by keeping Care4Kids closed to almost all new applicants. This will be devastating to children who can't get quality early care, parents who can't work without childcare and to the child care industry. **The Early Childhood Alliance urges the Appropriations Committee to fund Care4Kids at \$155 million so that it can reopen serving families up to 50% of the State Median Income as it did this time last year.**

The Governor's budget also combines two **Quality Enhancement** programs and cuts \$212,011. Those cuts will be achieved by reducing the Quality Enhancement funds that local School Readiness councils can use to meet the most pressing

quality issues in their community. In the past the Quality Enhancement grant has been based on the size of the community's school readiness grant. Larger communities serving more children got more Quality Enhancement funds. Under the Governor's proposal the maximum grant would be \$25,000. This will be a substantial reduction for many of the Priority Districts. This proposal will largely eliminate local school readiness council's ability to address quality issues in their communities.

The Governor's budget cuts the State Supplemental **Head Start** grants by \$384,860. These funds are used by local Head Start programs as part of their required local match in order to receive federal Head Start funds. This cut will jeopardize federal funding that flows to local Head Start programs and should be restored.

Finally, there are a number of small programs totalling less than \$2 million dollars. They include:

**EvenStart** a great 2 generation program serving some of the most vulnerable families with high quality infant toddler care while their mothers learn English or complete their GED.

**HealthyStart** which connects low income pregnant women to prenatal care.

**Community Plans for Early Childhood** which provide critical support for local early childhood councils that connect families to services and provide the Office of Early Childhood with essential feedback on local challenges.

**Help Me Grow** a very low cost program connecting parents to information about child development. The program serves 10,000 families for \$250,000 and has enrolled 6,800 families in the Ages and Stages developmental monitoring program. Help Me Grow was developed in CT and is now being replicated around the country.

All of these programs are valuable and should be funded.

Other important programs in the State Department of Education budget that were cut and should be restored include: Family Resource Centers and After School Funding.

Thank you for the opportunity to provide this testimony.